## REMARKS

Applicants wish to thank the Examiner for withdrawing the prior rejection. Claims 1 and 12 have been amended and claim 6 has been canceled. Claims 1-4, 7, 9-12 are currently pending in the application. Claims 1 and 12 have been amended solely for purposes of expediting prosecution. The former claims stand rejected as being anticipated by the patent to Inanaga et al (U.S. Patent No. 5,796,843)("Inanaga") pursuant to U.S.C. § 102(b). Applicants respectfully disagree. 35 Nevertheless, Applicants request that the Examiner reconsider the application in view of the comments and amendments herein. Applicants submit that for at least the reasons stated herein, the present claims are also in condition for allowance over the Inanaga reference.

Applicants respectfully remind the Examiner that in order for an invention to be anticipated, the invention must be disclosed in the cited art reference in as much detail as claimed by Applicants. Applicants submit that Inanaga does not disclose the entirety of Applicants' audio and video reproduction apparatus. Applicants' invention of claim 1 includes:

- a head mounted display for converting a video signal into an image to present to a user;
- a pair of acoustic transducers each used for converting an audio signal into a sound to present to the user;

detection means for detecting an orientation of the head of the user;

image-changing means provided a video signal representing an image stretched over a 360-degree range surrounding the user via the head-mounted display, the image-changing means for extracting a video signal representing an image stretched over the

wisual-field range visible to the user via the headmounted display from the provided video signal in accordance with the detected orientation of the head of the user and for supplying the extracted video signal to the head-mounted display; and

sound-image localization processing means for performing out-of-head sound-image localization processing based on transfer functions from a sound-image localized position of a provided audio signal to ears of the user in accordance with the detected orientation of the head of the user to produce a two-channel audio signal and for supplying the two-channel audio signal to the acoustic transducers.

Inanaga does disclose in the specification that "when the listener 23 turns the head, the listener 23 may watch that the image projected at the position distant from the left and right eyes of the listener by a predetermined distance is continuously changed based on the information as if the listener was watching the image with changing the angle of his head." Inanaga at col. 38, lines 14-19; see also col. 40, lines 37-43. Inanaga at least does not expressly or inherently disclose "image-changing means provided a video signal representing an image stretched over a 360-degree range surrounding the user via head-mounted display, the image-changing the for means extracting a video signal representing an image stretched over the visual-field range visible to the user via the head-mounted display from the provided video signal in accordance with the detected orientation of the head of the user and for supplying the extracted video signal to the head-mounted display." suggested by the Examiner in the Office Action with respect to the subject matter of previously cancelled claim 6, that any user himself is capable of rotating 360 degrees does not

constitute Applicants' invention nor does that indicate that the Applicants' invention is expressly or inherently in the *Inanaga* reference. Thus, applicant requests that the Examiner withdraw the rejection.

For at least these reasons, Applicants respectfully submit that claim 1 is in condition for allowance as all of the claimed features are not cited in the *Inanaga* reference. Moreover, claims 2-11, which depend from claim 1, for at least the stated reasons are similarly in condition for allowance.

Furthermore, Applicants have also amended claim 12 to expedite prosecution. The subject matter of claim 12 may be compared to the subject matter of claim 1. Like the subject matter of claim 1, Applicants submit that this claim is in condition for allowance.

In view of the above, each of the presently pending claims in this application is believed to be in immediate condition for allowance. Accordingly, the Examiner is respectfully requested to withdraw the outstanding rejection of the claims and to pass this application to issue.

As it is believed that all of the rejections set forth in the Official Action have been fully met, favorable reconsideration and allowance are earnestly solicited.

If, however, for any reason the Examiner does not believe that such action can be taken at this time, it is respectfully requested that he/she telephone applicants' attorney at (908) 654-5000 in order to overcome any additional objections which he might have.

If there are any additional charges in connection with this requested amendment, the Examiner is authorized to charge Deposit Account No. 12-1095 therefor.

By

Dated: June 6, 2007

Respectfully submitted,

Raymond B. Churchill, Jr. Registration No.: 44,617 LERNER, DAVID, LITTENBERG,

KRUMHOLZ & MENTLIK, LLP 600 South Avenue West Westfield, New Jersey 07090 (908) 654-5000

Attorney for Applicants

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